



[Billing Code 3290-F9]

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Results of the 2017/2018 Annual Generalized System of Preferences Review

AGENCY: Office of the United States Trade Representative.

ACTION: Notice.

SUMMARY: The Office of the United States Trade Representative (USTR) is announcing the results of the 2016/2017 Annual Generalized System of Preferences (GSP) Review with respect to: products considered for addition to the list of eligible products for GSP; products considered for removal from the list of eligible products for certain beneficiary countries; decisions related to competitive need limitations (CNLs), including petitions for waivers of CNLs; and requests to reinstate/redesignate products previously excluded from GSP eligibility for certain countries.

FOR FURTHER INFORMATION CONTACT: Lauren Gamache, Director for GSP at (202) 395-2974 or lauren.m.gamache@ustr.eop.gov.

SUPPLEMENTARY INFORMATION:

A. Background

The GSP program provides for the duty-free treatment of designated articles when imported from beneficiary developing countries (BDCs). The GSP program is authorized by title V of the Trade Act of 1974 (19 U.S.C. 2461-2467), as amended, and is implemented in accordance with Executive Order 11888 of November 24, 1975, as modified by subsequent Executive Orders and Presidential Proclamations.

Each year, USTR leads the interagency Trade Policy Staff Committee (TPSC) in reviewing the list of products eligible for GSP benefits. After completion of a process

that includes public hearings, USTR provides recommendations to the President on appropriate actions based on statutory criteria, including exclusions from duty-free treatment of products from certain countries when they have reached the statutory CNL thresholds.

The GSP statute (19 U.S.C. 2463(c)(2)) establishes CNLs as a basis for withdrawing duty-free treatment. The statute provides that when the President determines that a GSP beneficiary has exported to the United States during any calendar year a quantity of an eligible article that either is greater than a specified amount (\$180 million for 2017), or exceeds 50 percent of the appraised value of the total U.S. imports of that article, the President “shall, not later than November 1 of the next calendar year, terminate the duty-free treatment for that article” from that beneficiary, unless a waiver is granted.¹

The statute provides that the President may waive either CNL if, before November 1 of the calendar year following the year in which imports exceeded CNLs, the President (1) receives advice from the U.S. International Trade Commission (USITC) on whether any industry in the United States is “likely to be adversely affected by such waiver”; (2) determines, based on certain statutory considerations², that such a waiver is in the national economic interest; and (3) publishes that determination in the *Federal Register*. The statute further provides that the President may disregard the 50 percent CNL if total imports of an article did not exceed a *de minimis* amount (\$23.5 million in

¹ CNLs do not apply to least-developed or sub-Saharan African beneficiaries (19 U.S.C. 2463(c)(2)(D)).

² These include the general statutory considerations for granting duty-free treatment for any article from any beneficiary under 19 U.S.C. 2461, as well as the country eligibility criteria set forth in 19 U.S.C. 2462(c).

2017), or if the product was not produced in the United States in any of the three preceding calendar years.

As part of the 2017/2018 GSP Annual Review, the TPSC reviewed three types of actions related to the CNLs: (1) whether to grant CNL waivers for products from certain countries, (2) whether to redesignate products from certain countries previously excluded from GSP eligibility based on CNLs; and (3) whether to grant *de minimis* CNL waivers for products from certain countries.

B. Results of the 2017/2018 Annual GSP Review

In the 2017/2018 Annual GSP Review, the TPSC reviewed (1) petitions to add nine products to the list of those eligible for duty-free treatment under GSP; (2) petitions to remove the GSP eligibility of two products; (3) petitions to waive CNLs for five products from beneficiary countries; (4) 92 products eligible for one-year *de minimis* waivers of CNLs; and (5) petitions to redesignate products previously excluded from GSP eligibility for certain beneficiary countries.

Presidential Proclamation 9813 of October 30, 2018, implements the President's decisions regarding the 2017/2018 Annual GSP Review, including CNL waivers and product redesignations. The modifications to the GSP program that were implemented by Presidential Proclamation 9813 became effective on November 1, 2018. This notice provides a summary of the results of the 2017/2018 Annual GSP Review. You can also view the results, comprising six lists, at <https://www.regulations.gov> using docket number USTR-2017-0014, under "Supporting and Related Materials" and on the USTR website at

https://ustr.gov/sites/default/files/IssueAreas/gsp/Decisions%20on%202017_2018%20%20product%20review.pdf

As described in List I, the President denied all petitions to add products to the list of GSP-eligible products for all BDCs. The products in List I, however, remain eligible for duty-free preferences for least-developed beneficiary countries only. For ease of reference, a brief description and the U.S. Harmonized Tariff Schedule (HTS) categories of the nine products included in List I follows:

1. certain fresh pears (HTS 0808.30.40)
2. certain melon and citrus fruit peel (HTS 0814.00.80)
3. cottonseed (HTS 1207.29.00)
4. crude sunflower-seed or safflower oil (HTS 1512.11.00)
5. certain prepared or preserved apples (HTS 2008.99.05)
6. p-Anisic acid, clofibrate, and 3-phenoxybenzoic acid (HTS 2918.99.05)
7. certain aromatic carboxylic acids and their derivatives described in U.S. Note 3 (HTS 2918.99.43)
8. certain aromatic carboxylic acids and their derivatives not covered in U.S. Note 3 (HTS 2918.99.47)
9. certain rubber transmission V-belts (HTS 4010.33.30)

A complete description of the nine products is included in List I. By statute (19 U.S.C. 2463(a)(1)(C)), these products may not be reconsidered for addition to GSP for the next three years.

As described in List II, the President granted the petition to remove tart cherry juice concentrate and other cherry juice (HTS 2009.89.6011 and HTS 2009.89.6019)

from GSP eligibility for Turkey. To reflect this change, cherry juice imported into the United States now falls under a new HTS category, 2009.89.65. Cherry juice from Turkey now enters the United States at the Normal Trade Relations (NTR) duty rate in column 1 of the HTS. In addition, the President denied the petition to remove nonadhesive plates and sheets (HTS 3920.51.50) from GSP for Indonesia and Thailand. These products will continue to enter the United States duty-free.

As described in List III, the President granted a petition to redesignate ammonium perhentate (HTS 2841.90.20) from Kazakhstan to GSP. This product now enters the United States duty-free. The remaining redesignation petitions were denied: apple, quince and pear pastes and purees (HTS 2007.9948) from Argentina; sunflower seed oilcake (HTS 2306.30.00) from Argentina; certain odoriferous or flavoring compounds (HTS 2909.50.40) from Indonesia; fancy bovine leather (full grain, whole, unsplit) (HTS 4107.11.80) from Argentina; certain tropical plywood (HTS 4412.31.41) from Indonesia; granite monumental or building stone (HTS 6802.93.00) from India; and certain ferroniobium (HTS 7202.93.80) from Brazil. These products will continue to enter the United States at NTR duty rates and, by statute (19 U.S.C. 2463(a)(1)(C)), may not be reconsidered for addition to GSP for the next three years.

As described in List IV, three articles exceeded the CNLs in 2017 for which no petition was received and now enter the United States at the NTR duty rates. These products are ethers of acyc monohydric alcohols (HTS 2909.19.18) and refined copper (HTS 7403.19.00) from Brazil, and washing machines (HTS 8450.20.00) from Thailand.

As described in List V, the President granted three petitions for CNL waivers: (1) edible birds' nests (HTS 0410.00.00) from Thailand; (2) lithium carbonates (HTS

2836.91.00) from Argentina; and (3) ferrosilicon chromium (HTS 7202.50.00) from Kazakhstan. These three products will continue to enter the United States duty-free. The following products did not receive a CNL waiver and are therefore subject to the NTR duty rates: essential oils of lemon (HTS 3301.03.00) from Argentina, and monumental or building stone (HTS 6802.99.00) from Brazil.

As described in List VI, the President did not grant *de minimis* waivers to 92 products that exceeded the 50 percent import share CNL but for which the aggregate value of all U.S. imports of that article was below the 2017 *de minimis* level of \$23.5 million. These products now enter the United States at the NTR duty rate.

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